The Corporation of the CITY OF STRATFORD

AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDING

DECEMBER 31st, 1985

MONTEITH, MONTEITH & CO.
AUDITOR

CITY of STRATFORD
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Municipality
CITY of STRATFORD

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Stratford.

We have examined the consolidated balance sheet of the Corporation of the City of Stratford as at December 31, 1985 and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the City of Stratford as at December 31, 1985 and the results of its operations for the year then ended in accordance with the accounting principles prescribed for Ontario Municipalities applied on a basis consistent with that of the preceding year.

Monteith, Monteith & Co.
Chartered Accountants
Licence No. 1202

Stratford, Ontario,
April 10, 1986.

CITY OF STRATFORD
CONSOLIDATED BALANCE SHEET
as at December 31st, 1985
(with comparative figures for 1984)

	1985 $	1984 $
ASSETS		
Unrestricted		
Cash	185,468	178,673
Investments	0	
Taxes Receivable	374,751	451,237
Accounts Receivable	2,592,635	1,881,432
Other Current Assets	190,347	107,455
Long Term Receivables	0	
	3,343,201	2,618,797
Restricted		
Cash	943,718	1,025,484
Accounts Receivable	14,077	66,363
Other Current Assets	0	
Long Term Receivables	0	255,443
Investments	0	
Due from Other Funds	538,992	526,554
	1,496,787	1,873,844
Capital Outlay Financed by Long Term Liabilities and to be Recovered in Future Years (Note 1(b)(iv))	2,157,858	1,804,319
	6,997,846	6,296,960
LIABILITIES		
Temporary Loans	851,458	533,500
Accounts Payable and Accrued Liabilities	291,291	359,367
Other Current Liabilities	261,421	165,656
Due to Reserve Funds	580,147	566,789
	1,984,317	1,625,312
Net Long Term Liabilities (Note 7(a))	2,157,858	1,804,319
FUND BALANCES AT THE END OF THE YEAR		
To be used to Offset (or to be Recovered from) Taxation or User Charges in 1986 (Note 8)	(164,699)	292,776
Unapplied Capital Receipts (or Capital Operations not yet Permanently Financed) (Note 8)	(813,673)	(1,263,509)
Reserves (Note 9)	2,337,256	1,964,218
Reserve Funds (Note 9)	1,496,787	1,873,844
	6,997,846	6,296,960

The Accompanying Notes are an Integral Part of this Financial Statement

CITY OF STRATFORD
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31st, 1985
(with comparative figures for 1984)

	Budget 1985 $	Actual 1985 $	Actual 1984 $
SOURCES OF FINANCING:			
Taxation and User Charges			
Residential and Farm Taxation	4,991,419	4,941,469	4,628,028
Commercial, Industrial and Business Taxation	4,305,838	4,298,072	3,983,424
Taxation from Other Governments	396,000	357,504	371,196
User Charges	1,522,173	1,710,797	1,523,745
Grants			
Government of Canada		0	
Province of Ontario	5,829,488	5,960,197	5,277,241
Other Municipalities		0	
Other			
Penalties and Interest on Taxes	110,000	86,759	100,085
Prepaid Special Charges	534,565	535,476	625,620
Contributions from Developers	16,500	16,500	62,139
Investment Income	342,998	367,326	345,606
Sale of Land and Fixed Assets	32,247	35,285	
Other	40,103	40,121	141,095
Proceeds from the Issue of Long Term Liabilities	684,080	684,080	50,000
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR			
To be used to Offset (or to be Recovered From)			
Taxation or User Charges	292,776	292,776	561,098
Unapplied Capital Receipts			
(or Capital Operations not yet Financed)	(1,263,509)	(1,263,509)	(888,233)
Total Financing Available during the Year	17,834,678	18,062,853	16,781,044
APPLIED TO:			
Current Operations			
General Government	1,542,735	1,620,477	1,441,180
Protection to Persons and Property	4,488,867	4,506,625	4,288,672
Transportation Services	3,131,217	3,219,175	2,525,310
Environmental Services	1,544,685	1,674,953	1,429,977
Health Services	336,371	343,548	340,961
Social and Family Services	1,677,682	1,463,259	1,514,788
Recreational and Cultural Services	2,044,521	2,162,935	1,869,629
Planning and Development	860,037	829,039	409,280
Other		0	
	15,626,115	15,820,011	13,819,797
Capital			
General Government	543,091	593,020	39,437
Protection to Persons and Property	15,000	108,146	15,180
Transportation Services	1,157,730	1,447,258	1,552,108
Environmental Services	672,114	757,830	831,700
Health Services	61,000	53,450	
Social and Family Services		0	
Recreational and Cultural Services	213,000	226,852	592,341
Planning and Development	43,000	38,677	71,278
Other		0	
	2,704,935	3,225,233	3,102,044
Transfers of Proceeds from Long Term Liabilities		0	
Net Increase (Decrease) in Reserves and Reserve Funds	225,365	(4,019)	829,936
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR			
To be used to Offset (or to be Recovered From)			
Taxation or User Charges	91,936	(164,699)	292,776
Unapplied Capital Receipts			
(or Capital Operations not yet Financed)	(813,673)	(813,673)	(1,263,509)
Total Applications During the Year	17,834,678	18,062,853	16,781,044

The Accompanying Notes are an Integral Part of this Financial Statement

MUNICIPALITY of the CITY of STRATFORD

NOTES to the FINANCIAL STATEMENTS

for the year ended December 31 1985

1. Accounting Policies

(a) Basis of Consolidation

(i) Consolidated Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds, the capital fund and includes the activities of all committees of Council and the following local boards which are under the control of council:

Library Board
Board of Parks

All interfund assets and liabilities are eliminated with the exception of loans or advances between the reserve funds and other funds of the Municipality.

(ii) Consolidated Statement of Operations

This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds, and the capital fund of the municipality and those local boards described in note 1 (a) (i).

All interfund sources of financing and expenditures are eliminated with the exception of interest income and expense arising from loans and advances between the reserve funds and other funds of the Municipality.

(iii) Non-consolidated Entities

For those local boards, municipal enterprises, and utilities of the municipality which are not consolidated, the "Consolidated Balance Sheet" does not reflect their assets or liabilities except to the extent of amounts due to or from those entities. The "Consolidated Statement of Operations" does not reflect their revenues and expenditures except to the extent of the municipality's contribution to those entities.

Those entities which are not consolidated are as follows:

Public Utility Commission
The list of joint boards as detailed in Note 3.

(iv) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that overlevies (underlevies) are reported on the "Consolidated Balance Sheet" as "other current liabilities" ("other current assets").

(v) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the period(s) from the date(s) of the latest instalment payment(s) to the end of the financial year.

(ii) The accrual basis of accounting recognized revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition. For those fixed assets financed or to be financed by the issue of long term indebtedness, the principal and interest on the long term indebtedness are also reported on the Consolidated Statement of Operations as they are incurred.

(iv) Capital Outlay to be Recovered in Future Years

"Capital outlay to be recovered in future years," which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures is reported on the "Consolidated Balance Sheet."

2. Operations of School Boards

Further to note 1 (a) (iv), the taxation, other revenues, expenditures and overlevies (underlevies) of the school boards are comprised of the following:

	School Boards
	$
Taxation and user charges	7,024,738
Grants	93,439
Amounts received or receivable	7,118,177
Requisitions	7,188,294
Overlevies (underlevies) for the year	(70,117)
Overlevies (underlevies) at the beginning of the year	(6,240)
Overlevies (underlevies) at the end of the year	(76,357)

These revenues and expenditures are not reflected in the "Consolidated Statement of Operations". The overlevies (underlevies) at the end of the year are reported as other current liabilities (other current assets) on the "Consolidated Balance Sheet".

3. Contributions to Unconsolidated Joint Boards

Further to note 1 (a) (iii), the assets and liabilities of unconsolidated joint boards have not been consolidated and are not reported on the "Consolidated Balance Sheet".

The operations of these joint boards have also not been consolidated. The "Consolidated Statement of Operations" includes only the following contributions made by the municipality to those boards:

	1985 $	1984 $
-) Central Perth Planning	2,344	2,886
-) Stratford Suburban Roads	48,850	47,950
-) Stratford Perth Archives	54,605	43,762
-) Perth District Health Unit	114,299	107,279
-) Spruce Lodge	113,000	107,270
-) Children's Aid Society	109,282	110,549
	442,380	419,696

4. Trust Funds

Trust funds administered by the municipality amounting to $909,635 (1984 $640,472) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

5. Liability for Past Service Provision of Pension Agreements

Under the past service provision of pension agreements, the municipality is obligated at December 31, 1985 for an amount of approximately $164,460 (1984 $177,109) as established for the plans. An amount of $12,649 has been provided for in the current year and is reported on the "Consolidated Statement of Operations". No provision has been made for this past service liability in the financial statements.

6. Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.
The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to $1,709,689 (1984 $1,589,828) at the end of the year. No provision has been made for this past service liability in the financial statements.

7. Net Long Term Liabilities

	1985 $	1984 $
(a) The balance of net liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
Total long term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	2,847,080	2,334,181
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by unconsolidated local boards, municipal enterprises and utilities, and other municipalities. At the end of the year, the outstanding principal amount of this liability is	(689,222)	(529,862)
Net long term liabilities at the end of the year	2,157,858	1,804,319

(b) Of the net long term liabilities reported in (a) of this note, $1,979,858 in principal payments are payable from 1986 to 1990 and $178,000 from 1991 to 1995 are summarized as follows:

	1986 to 1990 $	1991 to 1995 $
From general municipal revenues	1,947,626	178,000
From benefitting landowners	32,232	--
	1,979,858	178,000

(c) Included in "Net long term liabilities" on the "Consolidated Balance Sheet" is an amount of $493,000 (1984 $636,000) payable in United States dollars. which was converted into Canadian dollars at the rate of exchange prevailing when the liability was incurred. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31, 1985, the liability would be increased by $134,645 (1984 $153,182).

(d) Approval of the Ontario Municipal Board has been obtained for the long term liabilities in (a) issued in the name of the Municipality.

(e) The Municipality is contingently liable for long-term liabilities which the responsibility for the payment of principal and interest has been assumed school boards and municipal utilities. The total amount outstanding as at December 31, 1985 is $689,222 (1984 $529,862) and is not recorded on the "Consolidated Balance Sheet".

8. Municipal Fund Balances at the end of the Year

(a) The balance on the "Consolidated Statement of Operations" of municipal equity (or deficit) of $(978,372) (1984 $(970,733) at the end of the year is comprised of the following:

	1985 $	1984 $
For general reduction (increase) of taxation	(271,252)	200,923
For general reduction of user charges	105,115	90,499
Acquisition of fixed assets to be recovered through taxation or user charges	(19,455)	(481,221)
Acquisition of fixed assets to be financed from proceeds of long term liabilities	(946,638)	(782,288)
Funds available for the acquisition of fixed assets	153,858	1,354
	(978,372)	(970,733)

(b) Approval of the Ontario Municipal Board has been obtained for the pending issues of long term liabilities and for those commitments to be financed from revenues beyond the term of Council.

9. Reserves and Reserve Funds

The total balance of reserves and reserve funds of $2,337,256 (1984 $1,964,218) and $1,496,787 (1984 $1,873,844) respectively are made up of the following:

	1985 $	1984 $
Reserves set aside for the specific purpose by Council		
-) for working capital	106,680	106,680
-) for acquisition of fixed assets	1,525,758	1,350,278
-) Hospital	550,000	300,000
-) Municipal Incentive	89,000	89,000
-) Other	65,818	118,260
Total reserves	2,337,256	1,964,218

	1985 $	1984 $
Reserve funds set aside for specific purpose by Council		
-) for acquisition of fixed assets	2,002	100,607
-) Lot Levies and Subdividers Contributions	625,412	665,973
-) Other	178,603	208,408
	806,017	974,988
Reserve funds set aside for specific purpose by legislation, regulation or agreement		
-) Ontario Home Renewal Plan	--	285,860
-) Parking Revenues	690,770	612,996
	690,770	898,856
Total reserve funds	1,496,787	1,873,844

10. Charges for Net Long Term Liabilities

Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are as follows:

	1985	1984
	$	$
Principal payments	337,461	364,034
Interest	182,476	173,960
	519,937	537,994

The charges for long-term liabilities assumed by non-consolidated entities are not reflected in these statements.

11. Ontario Home Renewal Program

Effective January 1, 1985, amendments to regulations require that the Ontario Home Renewal Program funds be accounted for as a trust fund and no longer as a reserve fund. The transfer of the fund balance has reduced the total opening reserve fund balances by $285,860 and is not reflected in the Consolidated Statement of Operations. The 1985 transactions for this Program are reflected in the financial statements for the trust funds of the municipality.

12. Other

Actual figures for the capital fund's transactions and the reserve fund's transactions were included in both the 1985 actual and budget figures on the "Consolidated Statement of Operations".

The City has been named as a defendent in a suit for $837,000 brought against the municipality by a developer. The 1985 financial statements do not reflect any possible liability resulting from this suit.

The City has agreed to contribute $5,000,000 towards the Stratford General Hospital Building Fund. Approval has been received from the Ontario Municipal Board to debenture up to the full amount of the contribution.

13. Nonaccrual of Interest on Long-term Liabilities

No provision has been made in these financial statements for the accrual of interest on the net long-term liabilities. Had this provision been made in the municipal fund balances as at December 31, 1985, would have been decreased by $29,974 (1984 $9,427).

14. Contractual Obligation - Ministry of the Environment

In accordance with a service agreement entered into by the Municipality in 1970 with the Ministry of the Environment, the existing sewage system is owned and operated by the Ministry. The Municipality is obligated to meet all operating costs and repay the long-term liabilities related to these projects.

Included in the "Consolidated Statement of Operations" are the 1985 charges from the Ministry - sewage $595,399. The "Consolidated Balance Sheet" does not reflect any assets or liabilities pertaining to the sewage except to the extent of service charges due to the Ministry.

Information received from the Minsitry as at March 31, 1985, indicates the following:

	Accumulated Net (Deficit)	1985 Debt Charges	Total Outstanding Long-term Liabilities
	$	$	$
Sewage System	(418,670)	74,810	823,301

The operating deficits and long-term liabilities indicated above are not reflected in the accompanying financial statements.

Municipality
CITY of STRATFORD

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Stratford:

We have examined the balance sheet of the trust funds of the Corporation of the City of Stratford as at December 31, 1985 and the statement of continuity of the trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the trust funds for the Corporation of the City of Stratford as at December 31, 1985 and the continuity of the trust funds for the year then ended in accordance with the accounting principles prescribed for Ontario Municipalities applied on a basis consistent with that of the preceding year.

Monteath, Monteath & Co.
Chartered Accountants
Licence No. 1202

Stratford, Ontario,
April 10, 1986.

CITY of STRATFORD
TRUST FUNDS
STATEMENT of CONTINUITY
for the year ended December 31st 1985

	Mausoleum Care Fund	Battershall Trust Fund	Public Land Trust	Paper Recycling
	$	$	$	$
Balance at the Beginning of the Year	17,802	9,890	97,326	527
Capital Receipts:				
Trust Receipts				
Interest Earned	1,262	840	4,831	47
	1,262	840	4,831	47
Expenditure:				
Trust Expenditures				46
Balance at the End of the Year	19,064	10,730	102,157	528

BALANCE SHEET
as at December 31st 1985

Assets:				
Cash	16,064	10,730	61,463	528
Grants and Accounts Receivable				
Due from Other Funds			40,694	
Investments, at cost:				
Provincial	3,000			
Municipal - Own				
	3,000			
	19,064	10,730	102,157	528
Liabilities:				
Due to Revenue Fund				
Other				
Balance - Capital	5,200	1,988	26,069	500
- Income	13,864	8,742	76,088	28
	19,064	10,730	102,157	528
	19,064	10,730	102,157	528

CITY of STRATFORD
TRUST FUNDS
STATEMENT of CONTINUITY
for the year ended December 31st 1985

	Total	O.H.R.P.
	$	$
Balance at the Beginning of the Year	640,472	--
Capital Receipts:		
Trust Receipts	870,876	285,860
Interest Earned	68,721	10,350
	939,597	296,210
Expenditure:		
Trust Expenditures	670,434	50,983
Balance at the End of the Year	909,635	245,227

BALANCE SHEET
as at December 31st 1985

Assets:		
Cash	638,570	30,915
Grants and Accounts Receivable	268,134	214,312
Due from Other Funds	40,694	
Investments, at cost:		
Provincial	3,000	
Municipal - Own	114,901	
	117,901	
	1,065,299	245,227
Liabilities:		
Due to Revenue Fund	151,146	
Other	4,518	
Balance - Capital	686,700	234,877
- Income	222,935	10,350
	909,635	245,227
	1,065,299	245,227

CITY OF STRATFORD
TRUST FUNDS
STATEMENT of CONTINUITY
for the year ended December 31st 1985

	Historical Board	Avonwood Trust	Developer Deposits	Falstaff Gardens	Parks Board	N.W.D. 1980	Historical Board Publishing Fund	Tax Sale Proceeds
	$	$	$	$	$	$	$	$
Balance at the Beginning of the Year	3,088	Nil	37,502	5,553	1,139	9,060	709	529
Capital Receipts:								
Trust Receipts	148,957	1,665					689	
Interest Earned	1,178	21	1,766	472	97	591	43	87
	150,135	1,686	1,766	472	97	591	732	87
Expenditure:								
Trust Expenditures	146,219	1,686					1,123	35
Balance at the End of the Year	7,004	Nil	39,268	6,025	1,236	9,651	318	581

BALANCE SHEET
as at December 31st 1985

Assets:								
Cash	7,004	741	39,268	6,025	1,236	9,651	318	581
Liabilities								
Due to Revenue Fund		741						
Balance - Capital	7,004	Nil	30,510	2,010		7,900		
- Income		Nil	8,758	4,015	1,236	1,751	318	581
	7,004	741	39,268	6,025	1,236	9,651	318	581

CITY OF STRATFORD
TRUST FUNDS
STATEMENT of CONTINUITY
for the year ended December 31st 1985

	Visitors' and Convention Bureau	Home Energy Show	Parallel Transit	Downtown Improvement	Cemetery Prepaid Interment	Cemetery Perpetual Care	Municipal Golf Course	Community Celebrations
	$	$	$	$	$	$	$	$
Balance at the Beginning of the Year	Nil	151	16,954	9,404	74,420	394,937	(38,652)	133
Capital Receipts:								
Trust Receipts	72,663	13,670	123,176	27,437	10,593	25,089	161,077	
Interest Earned	617	169	1,662	1,203	7,090	34,766	1,609	20
	73,280	13,839	124,838	28,640	17,683	59,855	162,686	20
Expenditure:								
Trust Expenditures	73,404	13,134	141,342	28,919	5,460	31,008	177,075	
Balance at the End of the Year	(124)	856	450	9,125	86,643	423,784	(53,041)	153

BALANCE SHEET
as at December 31st 1985

Assets:								
Cash	566	856	26,351	11,544	86,643	327,827	106	153
Grants and Accounts Receivable			41,707			12,064	51	
Investments: at Cost								
Municipal - Own						114,901		
	566	856	68,058	11,544	86,643	454,792	157	153
Liabilities:								
Due to Revenue Fund	690		65,509			31,008	53,198	
Other			2,099	2,419				
Balance - Capital					56,688	367,152	(53,198)	
- Income	(124)	856	450	9,125	29,955	56,632	157	153
	566	856	68,058	11,544	86,643	454,792	157	153

MUNICIPALITY of the CITY of STRATFORD

NOTES to the FINANCIAL STATEMENTS

for the year ended December 31 1985

TRUST FUNDS

1. Accounting Policies

Basis of Accounting

Capital receipts and disbursements on the "Statement of Continuity" are reported on the cash basis of accounting, with the exception of administrative expenditures which are reported on the accrual basis.

2. Investments

The total of investments $117,901 (1984 $118,928) recorded on the "Balance Sheet" at cost, have a market value approximating the cost.

CITY of STRATFORD
PUBLIC LIBRARY
BALANCE SHEET
as at December 31st 1985

ASSETS

	1985	1984
	$	$
Current Assets:		
Capital Outlay to be Recovered in Future Years	210,000	240,000
Reserve Account with the City of Stratford	75,263	82,658
	285,263	322,658

LIABILITIES

Current Liabilities:		
Long Term Debt Financed by the Municipality	210,000	240,000
Reserves	75,263	82,658
Accumulated Net Revenue (Deficit)	--	--
	285,263	322,658

CITY of STRATFORD
PUBLIC LIBRARY
STATEMENT oF REVENUE and EXPENDITURE
for the year ended December 31st 1985

	1985	1984
	$	$
Accumulated Net Revenue (Deficit) at the Beginning of the Year	Nil	Nil
Expenditure:		
Salaries:		
Salaries, Wages and Benefits - Library and Maintenance	358,915	315,012
Materials, Supplies, and Utilities:		
Books and Other Library Materials	107,878	98,300
Utilities	23,457	22,525
Other Supplies and Expense	21,340	18,977
	511,590	454,814
Other:		
Repairs and Maintenance	34,910	34,651
Public Relations	4,185	4,523
	39,095	39,174
Total Operating Expenditure	550,685	493,988
Principal Payments on Long Term Debt	30,000	28,000
Interest Charges on Long Term Debt	25,200	28,140
Capital Expenditure out of Current Revenue	33,586	21,231
Transfers to Reserves	2,500	80,562
Total Expenditure	641,971	651,921
Revenue:		
Municipal Contributions	503,623	526,449
Province of Ontario Grants - Operating	61,649	59,461
Other:		
Memberships, Fees, Other Municipalities	66,804	63,011
Transfers from Reserves	9,895	3,000
Total Revenue	641,971	651,921
Accumulated Net Revenue (Deficit) at the End of the Year	Nil	Nil

CITY of STRATFORD
PUBLIC LIBRARY
STATEMENT of CHANGES in FINANCIAL POSITION
for the year ended December 31st 1985

	1985	1984
	$	$
Source of Funds:		
Total Revenue	641,971	651,921
Total Operating Expenditure	550,685	493,988
Total Provided from Operations	91,286	157,933
Application of Funds:		
Capital Expenditure	33,586	21,231
Principal Payments on Long Term Debt	30,000	28,000
Interest Charges on Long Term Debt	25,200	28,140
Contributions to Reserves	2,500	80,562
	91,286	157,933
Net Increase (Decrease) in Working Capital	Nil	Nil
Working Capital at the Beginning of the Year	Nil	Nil
Working Capital at the End of the Year	Nil	Nil

CITY of STRATFORD
AVONDALE CEMETERY
STATEMENT oF REVENUE and EXPENDITURE
for the year ended December 31st 1985

REVENUE

	1985	1984
	$	$
Sale of Plots	62,723	67,828
Less: Portion Transferred to the Perpetual Care Fund Trust Account	25,089	27,214
	37,634	40,614
Transfer from the Perpetual Care Fund Income Account	31,008	27,180
Burial Charges - Opening and Closing	42,678	37,476
Foundations and Markers	12,476	10,450
Contributions from Reserves	53,450	2,600
Provided by Municipality from Tax Levy	132,253	142,162
Total Revenue	309,499	260,482

EXPENDITURE

Operating Expenditures	228,049	232,482
Capital Expenditures	53,450	--
Provision for Reserve	28,000	28,000
Total Expenditure	309,499	260,482

Municipality
CITY of STRATFORD

AUDITORS' REPORT

To the Commissioners and Users and Ratepayers
of the Stratford Public Utility Commission:

We have examined the balance sheet of the Stratford Public Utility Commission - Electric Department as at December 31st, 1985 and the statements of operations, equity and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Stratford Public Utility Commission - Electric Department as at December 31st, 1985 and the results of its operations for the year then ended in accordance with the accounting principles prescribed for Ontario Hydro Electric Commissions applied on a basis consistent with that of the preceding year.

Chartered Accountants
Licence No. 1202

Stratford, Ontario,
March 27th, 1986.

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
BALANCE SHEET
as at December 31st 1985

ASSETS

	1985	1984
	$	$
Current Assets:		
Cash and Bank	348,758	--
Accounts Receivable	1,413,743	991,724
Inventory (Note 1(f))	982,260	826,929
Other Current Assets	28,360	10,660
Unbilled Revenue	986,007	945,638
Total Current Assets	3,759,128	2,774,951
Fixed Assets: (Note 1 (a), 3)		
Land	315,025	315,025
Buildings	849,303	839,522
Distribution Stations	709,656	709,656
Subtransmission Feeders	1,683,916	1,628,166
Distribution Lines - Overhead	2,095,334	1,953,666
Distribution Lines - Underground	5,115,226	4,653,525
Distribution Transformers	2,102,462	1,977,334
Distribution Meters	868,158	802,386
Other Capital Assets	1,792,365	1,556,791
Total Plant	15,531,445	14,436,071
Less: Accumulated Depreciation	4,689,897	4,184,400
Total Fixed Assets	10,841,548	10,251,671
Other Assets:		
Unamortized Debt Discount	38,208	41,584
Past Service Pension (Note 8)	158,581	168,438
Other Non-Current Assets	450	10,092
Total Other Assets	197,239	220,114
Equity in Ontario Hydro (Note 1(b))	8,211,122	7,616,810
	23,009,037	20,863,546

DEBT, LIABILITIES and EQUITY

	1985	1984
	$	$
Current Liabilities:		
Bank Overdraft	--	22,221
Accounts Payable (Note 4)	1,325,101	1,064,574
Other Current Liabilities	50,189	81,891
Current Portion of Long Term Debt	131,891	102,201
Total Current Liabilities	1,507,181	1,270,887
Long-Term Debt:		
Debentures Outstanding (Note 9)	539,000	222,000
Past Service Pension (Note 8)	158,581	168,438
Customer Deposits	26,982	23,522
	724,563	413,960
Less: Payments due within one year	131,891	102,201
Total Long-Term Debt	592,672	311,759
Total Liabilities	2,099,853	1,582,646
Deferred Credits:		
Contributed Capital Subject to Amortization (Note 1(c))	166,433	148,924
Less: Amortization to date	19,586	14,067
Total Deferred Credits	146,847	134,857
Equity in Ontario Hydro	8,211,122	7,616,810
Utility Equity (C-2)	12,551,215	11,529,233
	23,009,037	20,863,546

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
STATEMENT of EQUITY
for the year ended December 31st 1985

	1985	1984 (Restated)
	$	$
ACCUMULATED from CAPITAL SOURCES		
Debt Retirement:		
Balance, Beginning of the Year	2,203,800	2,104,800
Debt Instalment Paid During the Year	83,000	99,000
Balance, End of the Year	2,286,800	2,203,800
Contributions:		
Contributed Capital not Amortized (Note 1(e))	768,620	768,620
Total Accumulated from Capital Sources	3,055,420	2,972,420
ACCUMULATED NET INCOME		
Balance, Beginning of the Year	8,556,813	7,452,068
Appropriation from Net Income for the Year (C - 3)	938,982	1,104,745
Balance, End of the Year	9,495,795	8,556,813
Total Utility Equity (C - 1)	12,551,215	11,529,233

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
STATEMENT of OPERATIONS
for the year ended December 31st 1985

	1985	1984
	$	$
Service Revenue:		
Residential	4,887,382	4,483,491
General	8,964,969	8,252,156
Street Lighting	145,249	146,145
Unbilled Revenue	40,369	147,696
Total	14,037,969	13,029,488
Cost of Power:		
Power Purchased - Ontario Hydro	11,478,780	10,376,924
Gross Margin on Service Revenue	2,559,189	2,652,564
Other Operating Revenue (Note 5)	385,266	312,169
	2,944,455	2,964,733
Operating and Maintenance Expense:		
Distribution (Note 6)	660,932	589,613
Utilization (Note 7)	81,174	78,854
Billing and Collecting	153,128	147,894
General Administrative Expense	347,810	337,674
Depreciation (Note 3)	603,768	560,089
	1,846,812	1,714,124
Net Income before Financial Expense	1,097,643	1,250,609
Financial Expense:		
Interest Expense	75,661	46,864
Net Income for the Year	1,021,982	1,203,745
Appropriation For Debt Retirement (Note 1(d))	83,000	99,000
Appropriation For Accumulated Net Income (C - 2)	938,982	1,104,745
	1,021,982	1,203,745

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
STATEMENT of CHANGES in CASH POSITION
for the year ended December 31st 1985

	1985	1984
	$	$
Cash Provided by (Used in) Operating Activities:		
Net Income for the Year	1,021,982	1,203,745
Items Not Affecting Cash:		
Depreciation	609,287	565,033
Amortization of Contributed Capital	(5,519)	(4,944)
Net Change in Non-cash Current Operating Accounts (1)	(406,594)	(355,628)
	1,219,156	1,408,206
Cash Provided by (Used in) Financing Activities:		
Proceeds of Debenture Issue	400,000	--
Reduction of Debentures Outstanding	(83,000)	(99,000)
Reduction of Debt Discount	(10,296)	(10,296)
Increase of Debt Discount	6,920	400
Increase in Customer Deposits	3,460	4,549
Increase in Contributed Capital	17,509	51,006
	334,593	(53,341)
Cash Provided by (Used in) Investment Activities:		
Reduction of Deferred Charges	(9,642)	(15,342)
Proceeds from Disposal of Fixed Assets	21,470	25,819
Purchases of Fixed Assets	(1,194,598)	(1,444,053)
	(1,182,770)	(1,433,576)
Cash Position:		
Increase (Decrease) for Year	370,979	(78,711)
Beginning of Year	(22,221)	56,490
End of Year	348,758	(22,221)

	1985	1984
	$	$
Analysis of Cash Position:		
Cash on Hand and in Bank	348,758	(22,221)

(1) Includes current assets and liability accounts, other than cash and cash equivalents, which relate to operations.

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

1. Significant Accounting Policies:

The financial statements have been prepared in accordance with accounting principles for Municipal Electrical Utilities in Ontario as required by Ontario Hydro under the authority of Section 97 of the Power Corporation Act and reflect the following policies as set forth in the manual "Accounting for Municipal Electrical Utilities in Ontario". All principles employed are in accordance with generally accepted accounting principles. The policies considered to be significant are as follows:

(a) Fixed Assets:
Fixed assets are recorded in the accounts at cost and are depreciated on a straight line basis at varying rates estimated to writeoff the cost of each asset over its useful life. The rates are as follows:

	Life in Years (Estimated)	Rate %
Buildings - purchases and additions until 1982	60	1.67
Substation Equipment	35	2.86
Transmission Lines - Overhead	25	4.00
Transmission Lines - Underground	35	2.86
Distribution Lines - Overhead	25	4.00
Distribution Lines - Underground	35	2.86
Transformers	30	3.33
Meters	35	2.86
Computer Equipment	5	20.00
Trucks	5	20.00
Trailers	5	20.00
Miscellaneous Assets	10	10.00
Water Heaters - Rental	8	12.50

Maintenance and repair items are charged to income as incurred; additions, renewals or betterments are capitalized. Any normal gain or loss on sale or retirement of buildings or equipment is included in operating revenues/costs in the year of disposal.

(b) Equity in Ontario Hydro:
The asset and related equity in Ontario Hydro is recorded in the accounts in recognition of the fact that the Stratford Public Utility Commission has made contributions relating to assets owned by Ontario Hydro and funded through the issue of debentures. This contribution has been made through charges from Ontario Hydro, a portion of which represents the Stratford Public Utility Commission's share of principal payments to retire outstanding debentures. The asset and related equity increased by $594,312 during 1985 ($525,600 in 1984) as a result of such contributions.

(c) Contributed Capital Subject to Amortization:
Amounts received from customers subsequent to January 1st, 1980 in respect of the cost of utility service connections have been recorded as Contributed Capital Subject to Amortization. The Stratford Public Utility Commission retains ownership of the related assets, which are depreciated in accordance with the policy described in (a) above. The contributions are amortized at the same rate as the rate used for the depreciation of the related fixed asset.

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

(d) Debt Retirement:
Equity relating to debentures redeemed arises as a result of the repayment of debentures issued to acquire fixed assets being depreciated against operating revenue. An appropriation is made annually against net income for debt retirement. 1985's appropriation was $83,000 (1984 - $99,000).

(e) Contributed Capital Not Amortized:
Amounts received from customers prior to January 1st, 1980 in respect of the cost of utility service connections have been recorded as contributed capital in the amount of $768,620. The Stratford Public Utility Commission retains ownership of the related assets, which are depreciated in accordance with the policy described in (a) above.

(f) Inventories:
Inventory is valued using a moving average cost method. This method involves recalculating the average cost of each item whenever purchases of that item are made. Inventory issues are then relieved at the most current average price.

2. Financial Statement Presentation:

Certain of 1984's financial statement numbers have been restated to conform with 1985's financial statement presentation.

3. Fixed Assets:

	Asset	Depreciation Provision	Depreciation Accumulated
	$	$	$
Plant	13,739,080	430,409	3,744,152
General Office	96,446	5,863	70,641
Computer Equipment	92,696	18,970	73,799
Water Heaters	845,564	93,252	371,038
Sentinel Lights	5,980	601	3,600
Subtotal	14,779,766	549,095	4,263,230
Rolling Stock	509,635	44,378	278,104
Miscellaneous Equipment	242,044	15,814	148,563
	751,679	60,192	426,667
Less: Contributed Capital Amortization	--	(5,519)	--
Total	15,531,445	603,768	4,689,897

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

4. Accounts Payable:

	1985	1984
	$	$
Power - Ontario Hydro	1,090,585	842,982
Other	234,516	221,692
Total	1,325,101	1,064,674

The Accounts Payable - Other includes $92,949 payable to the Water Department and $60,267 payable to the City of Stratford.

5. Other Operating Revenue:

	1985	1984
	$	$
Late Payment Charges	41,269	38,191
Water Heater Rentals	133,107	119,693
Sentinel Light Rentals	7,172	7,412
Interest Earned	49,040	20,992
Change of Occupancy Charges	10,104	8,298
Gain on Disposal of Fixed Assets	21,071	25,819
Rentals	40,735	37,329
Miscellaneous Revenues	82,768	54,435
Total	385,266	312,169

6. Distribution Operation And Maintenance:

	1985	1984
	$	$
Subtransmission Feeders	22,384	25,468
Distribution Station Equipment	113,356	122,137
Overhead Lines and Feeders	324,613	248,920
Underground Lines and Feeders	65,777	84,603
Distribution Transformers	25,557	19,115
Distribution Meters	109,245	89,370
Total	660,932	589,613

7. Utilization Operation And Maintenance:

	1985	1984
	$	$
Customer Premises	3,845	4,694
Water Heater Rentals	24,731	27,065
Sentinel Light Rentals	3,056	2,346
Community Relations	49,542	44,749
Total	81,174	78,854

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - ELECTRIC DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

8. Contractual Obligation:

The Stratford Public Utility Commission has entered into an agreement with the Ontario Municipal Employees Retirement Board to provide supplemental pensions to the employees of the Commission.

The balance owing, as well as the deferred charge, on these pensions as at December 31st, 1985, is as follows:

Electric Department	$158,581
Bus Department	109,257
Water Department	48,013
	$315,851

Interest is being charged on the amount owing at the rate of 8%.

The Commission is required to make annual payments for the years 1985 to 1994, inclusive, of $45,048 and annual payments for the years 1995 to 1998, inclusive, of $31,843.

9. Debentures Issued:

All outstanding debentures are payable to the City of Stratford and are comprised as follows:

Debenture Bylaw #	Interest Rate	Balance 12/31/85	Maturity Date
56-66	6.25%	25,000	June, 1986
105-67	6.50%	56,000	Nov., 1987
78-68	7.75%	58,000	Oct., 1988
26-85	11.48%	325,000	Mar., 1995
27-85	10.87%	75,000	Mar., 1990
Total Principal Outstanding		$539,000	

The aggregate of debenture principal payments required to be repaid in each of the next five years is:

	$
1986	101,000
1987	82,000
1988	60,000
1989	43,000
1990	47,000
	333,000

10. Statement of Changes in Cash Position:

The utility has adopted the cash basis presentation of the statement of changes in financial position. The presentation of the prior year figures has been changed to conform with that of the current year.

Municipality
CITY of STRATFORD

AUDITORS' REPORT

To the Commissioners, Members of Council,
and Ratepayers of the City of Stratford.

We have examined the balance sheet of the Stratford Public Utility Commission - Water Department as at December 31st, 1985 and the statements of operations, equity and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Stratford Public Utility Commission - Water Department as at December 31st, 1985 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Monteith Ingoldsby & Co.
Chartered Accountants
Licence No. 1202

Stratford, Ontario,
March 27th, 1986.

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
BALANCE SHEET
as at December 31st 1985

ASSETS

	1985	1984 (Restated)
	$	$
Current Assets:		
Cash	358,858	264,182
Accounts Receivable:		
Sale of Water - Electric Department	92,949	89,261
Sundry	505	3,920
Inventories (Note 1(a))	66,758	54,637
Other Current Assets:		
Prepaid Expense	8,533	1,539
	527,603	413,539
Fixed Assets:		
Cost (Note 1(b))	4,186,945	3,944,872
Less: Accumulated Depreciation	609,029	490,790
	3,577,916	3,454,082
Other Long-Term Assets:		
Unamortized Discount on Debentures	3,096	6,192
Deferred Charges: re O.M.E.R.S. Pension (Note 5)	48,013	50,908
Reserve Fund for Capital Expenditure (Note 3)	116,112	100,735
	167,221	157,835
	4,272,740	4,025,456

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities	50,036	73,918
Due to Electric Department	136,647	64,153
Current Portion of Long-Term Debt	17,332	20,498
	204,015	158,569
Long-Term O.M.E.R.S. Pension Liability (Note 5)	48,013	50,908
Long-Term Debt Financed by the Municipality (Note 2)	14,206	34,704
	62,219	85,612
Less: Current Portion	17,332	20,498
	44,887	65,114
Deferred Credits:		
Contributed Capital Subject to Amortization (Note 1(c))	26,366	--
Less: Amortization to Date	560	--
Total Deferred Credits	25,806	--
Water Department Equity (D - 2)	3,998,032	3,801,773
	4,272,740	4,025,456

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
STATEMENT of EQUITY
for the year ended December 31st 1985

	1985	1984 (Restated)
	$	$
Accumulated from Capital Sources:		
Debt Retirement:		
Balance, Beginning of the Year	1,701,206	1,681,382
Debt Instalment Paid During the Year	20,498	19,824
Balance, End of the Year	1,721,704	1,701,206
Contributed Capital:		
Balance, Beginning of the Year	827,977	817,150
Additions during the Year	--	10,827
Balance, End of the Year	827,977	827,977
Total Accumulated from Capital Sources	2,549,681	2,529,183
Reserve Fund:		
Balance, Beginning of the Year	100,735	56,251
Appropriation from Net Revenue for the Year	84,412	81,956
Expenditures During the Year	(69,035)	(37,472)
Balance, End of the Year	116,112	100,735
Accumulated Net Income:		
Balance, Beginning of the Year	1,171,855	1,031,646
Net Revenue for the Year (D - 3)	196,259	204,517
Reserve Fund Expenditures for the Year	69,035	37,472
	1,437,149	1,273,635
Appropriated for Debt Retirement	20,498	19,824
Appropriated for Reserve Fund	84,412	81,956
Balance, End of the Year	1,332,239	1,171,855
Total Water Department Equity (D - 1)	3,998,032	3,801,773

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
STATEMENT of OPERATIONS
for the year ended December 31st 1985

	1985	1984 (Restated)
	$	$
Revenues:		
Sale of Water	847,850	835,875
Fire Protection	223,810	220,142
Other Revenue	66,167	71,656
Total Operating Revenue	1,137,827	1,127,673
Expenditures:		
Operations:		
Water Supply	21,121	51,313
Power and Pumping	216,274	232,314
Water Transmission and Distribution	234,919	216,804
Administration	339,683	346,861
Total Operating Expenditure	811,997	847,292
Interest Charges on Long Term Debt	4,652	2,897
Depreciation	124,919	72,967
	129,571	75,864
Total Expenditure (D - 6)	941,568	923,156
Net Revenue for the Year (D - 2)	196,259	204,517

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
STATEMENT of CHANGES in CASH POSITION
for the year ended December 31st 1985

	1985	1984
	$	$
Cash Provided by (Used in) Operating Activities:		
Net Revenue for the Year	196,259	204,517
Items not Affecting Cash:		
Debenture Debt Discounts	3,096	3,096
Depreciation	124,919	72,967
Deferred Charges	--	4,296
Net Change in Non-cash Current Operating Accounts (1)	29,224	(42,972)
	353,498	241,904
Cash Provided by (Used in) Financing Activities:		
Capital Receipts - Water Services	--	10,827
Increase in Contributed Capital	26,366	--
Reduction of Debentures Outstanding	(20,498)	(19,825)
	5,868	(8,998)
Cash Provided by (Used in) Investment Activities:		
Purchases of Fixed Assets	(266,690)	(165,272)
Proceeds from Disposal of Fixed Assets	2,000	16,757
	(264,690)	(148,515)
Cash Position:		
Increase (Decrease) for Year	94,676	84,391
Beginning of Year	264,182	179,791
End of Year	358,858	264,182

	1985	1984
	$	$
Analysis of Cash Position:		
Cash on Hand and in Bank	358,858	264,182

(1) Includes current asset and liability accounts, other than cash equivalents which relate to operations.

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
ANALYSIS of OPERATING REVENUE
for the year ended December 31st 1985

	1985	1984
	$	$
Sale of Water:		
Residential	406,365	394,951
Non-Residential	441,485	440,924
	847,850	835,875
Fire Protection:		
Own Municipality	223,810	220,142
Installation and Service Charges	15,644	17,129
Investment Income	29,415	26,316
Other	21,108	28,211
	66,167	71,656
Total Operating Revenue	1,137,827	1,127,673

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
ANALYSIS of EXPENDITURE
for the year ended December 31st 1985

	1985	1984
	$	$
Water Supply:		
Own Source	21,121	51,313
Power and Pumping	216,274	232,314
Water Transmission and Distribution:		
Mains	24,670	32,295
Meters	31,065	46,872
Services	179,184	137,637
	234,919	216,804
Administration:		
General Administration	192,646	188,920
Billing, Data Processing and Collection	74,000	72,082
Other Administrative Expenses:		
Meter Reading	39,564	38,449
Engineering	33,473	47,410
	339,683	346,861
Total Operating Expenditure	811,997	847,292
Interest Charges on Long-Term Debt	4,652	2,897
Depreciation	124,919	72,967
Total Expenditure (D-3)	941,568	923,156

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

1. Accounting Policies:

(a) Inventories:
Inventory is valued using a moving average cost method. This method involves recalculating the average cost of each item whenever purchases of that item are made. Inventory issues are then relieved at the most current average price.

(b) Fixed Assets:
Fixed assets are recorded at cost and depreciated on the straight-line basis. Details of fixed asset balances are as follows:

Classification	Estimated Life (Yrs)	Cost	Accumulated Depreciation	Net Book Value December 31st 1985	Net Book Value December 31st 1984
		$	$	$	$
Land	N/A	15,086		15,086	14,084
General Plant	30-45	3,971,686	472,327	3,499,359	3,390,510
Trucks	5	127,429	96,844	30,585	27,174
Tools	10	47,152	32,230	14,922	19,173
Office Equipment	10	1,315	1,288	27	143
Radios	10	8,002	4,713	3,289	2,998
Waterworks Study	10	16,275	1,627	14,648	--
		4,186,945	609,029	3,577,916	3,454,082

(c) Contributed Capital Subject to Amortization:
Amounts received from customers in respect of water services, meters and hydrants have been recorded as contributed capital subject to amortization. The commission retains ownership of the related assets, which are depreciated in accordance with the policy described in (b) above. The contributions are amortized at the same rate as the related assets are.

2. Long Term Debt Financed by the Municipality:
This amount is comprised of one debenture with details as follows:

Payable To	Principal Outstanding December 31st, 1985	Rate
City of Stratford	$ 14,206	5.25%

Principal repayment details are as follows:

Year	Principal Repaid
1986	$ 14,206

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - WATER DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

3. Reserve Fund for Capital Expenditure:

The Stratford Public Utility Commission established this reserve fund in 1983 to cover future anticipated major capital expenditures. The amount of $96,000 per year (less existing annual debenture repayments of principal plus interest) for a ten year period is to be placed in this reserve. In addition, interest earned on the money designated as restricted for this purpose is added to the reserve each year.

Details of 1985 activity are as follows:

Reserve Balance, December 31st 1984		$100,735
1985 Allocation:	$ 96,000	
Less: Existing Debenture Repayments	22,054	73 946
		174,681
Add: Interest Income		10,466
		185,147
Less: Transferred to revenue in 1985 to offset capital expenditures on Dunn Road Well		69,035
Reserve Fund Balance, December 31st, 1985		116,112

4. Financial Statement Presentation:

Certain of 1984's financial statement numbers have been restated to conform with 1985 financial statement presentation.

5. O.M.E.R.S. Pension:

The Public Utility Commission has entered into an agreement with the Ontario Municipal Employees Retirement Board to provide supplemental pensions to the employees of the Commission. The Water Department has been allocated its portion of this liability, plus annual payments, based on the apportionment of public utility wages and salaries to the various departments. Interest is being charged on the amount owing at the rate of 8%.

6. Statement of Changes in Cash Position:

The utility has adopted the cash basis presentation of the statement of changes in financial position of the prior year figures has been changed to conform with that of the current year.

Municipality
CITY of STRATFORD

AUDITORS' REPORT

To the Commissioners, Members of Council,
and Ratepayers of the City of Stratford.

We have examined the balance sheet of the Stratford Public Utility Commission - Bus Department as at December 31st, 1985 and the statements of operations and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Stratford Public Utility Commission - Bus Department as at December 31st, 1985 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Monteith, Monteith & Co.
Chartered Accountants
Licence No. 1202

Stratford, Ontario,
March 27th, 1986.

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - BUS DEPARTMENT
BALANCE SHEET
as at December 31st 1985

ASSETS

	1985	1984 (Restated)
	$	$
Current Assets:		
Cash on Hand and in Bank	91,224	25
Accounts Receivable	6,118	5,238
Due from City of Stratford	122,656	149,798
Other Current Assets:		
Prepaid Expenses	29,317	21,008
	249,315	176,069
Fixed Assets (Note 1(a))	1,940,858	1,942,718
Less: Contributed Capital	1,937,953	1,937,953
	2,905	4,765
Deferred Charges		
Re: O.M.E.R.S. Pension (Note 3)	109,257	114,820
	361,477	295,654

LIABILITIES

Current Liabilities:		
Bank Overdraft	--	46,821
Accounts Payable and Accrued Liabilities	46,506	52,353
Due to P.U.C. - Electric Department	160,781	76,385
Deferred Revenue	5,536	5,812
Current Portion of Long-term Debt	6,008	5,563
	218,831	186,934
Long-Term:		
O.M.E.R.S. Pension Liability (Note 3)	103,249	109,257
Surplus (Deficit):		
Current (E - 2)	39,397	(537)
	361,477	295,654

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - BUS DEPARTMENT
STATEMENT of OPERATIONS
for the year ended December 31st 1985

	1985	1984
	$	$
Revenue: (E - 4)		
Provincial Subsidy	302,775	290,700
Municipal Subsidy	355,760	423,125
Regular Passenger Service	402,906	414,125
Advertising	9,566	6,385
Other	13,512	6,818
Total Revenue	1,084,519	1,141,153
Expenditure: (E - 5)		
Operations:		
Transportation	513,746	512,139
Fuel	126,612	128,307
Equipment and Vehicle Maintenance	211,351	248,675
Premises and Plant	73,002	60,529
General and Administrative	119,874	140,615
Total Operating Expenditure	1,044,585	1,090,265
Net Revenue for the Year	39,934	50,888
Surplus (Deficit) at the beginning of the Year	(537)	(51,425)
Surplus (Deficit) at the End of the Year (E -1)	39,397	(537)

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - BUS DEPARTMENT
STATEMENT of CHANGES in CASH POSITION
for the year ended December 31st 1985

	1985	1984
	$	$
Cash Provided by (Used in) Operating Activities:		
Net Revenue for the Year	39,934	50,888
Net Change in Non-cash Current Operating Accounts (1)	(15,312)	8,835
	24,622	59,723
Cash Provided by (Used in) Financing Activities:		
Increase (Decrease) in Capital Funds Due from City	27,142	(149,798)
Increase (Decrease) in Due to Electric Department	84,396	14,079
Increase in Contributed Capital	--	126,443
	111,538	(9,276)
Cash Provided by (Used in) Investment Activities:		
Purchases of Fixed Assets	--	(128,302)
Fixed Assets Transferred to Due from City	1,860	--
	1,860	(128,302)
Cash Position:		
Increase (Decrease) for Year	138,020	(77,855)
Beginning of Year	(46,796)	31,059
End of the Year	91,224	(46,796)

	1985	1984
	$	$
Analysis of Cash Position:		
Cash on Hand and in Bank	91,224	25
Bank Overdraft	--	(46,821)
	91,224	(46,796)

(1) Includes current asset and liability accounts, other than cash and cash equivalents, which relate to operations.

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - BUS DEPARTMENT
ANALYSIS of REVENUE
for the year ended December 31st 1985

	1985	1984
	$	$
Regular Passenger Service:		
Fares	402,906	414,125
Municipal Subsidy - Current year	355,223	371,700
Provincial Subsidy	302,775	290,700
Municipal Subsidy - Prior Year Adjustment	537	51,425
	1,061,441	1,127,950
Advertising	9,566	6,385
Other:		
Miscellaneous	6,020	808
Interest Earned	7,492	6,010
	13,512	6,818
Total Revenue	1,084,519	1,141,153

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - BUS DEPARTMENT
ANALYSIS of EXPENDITURE
for the year ended December 31st 1985

	Salaries Wages & Fringe Benefits	Materials Supplies Services and Rents	Total
	$	$	$
Transportation	484,991	28,755	513,746
Fuel	--	126,612	126,612
Equipment and Vehicle Maintenance	--	211,351	211,351
Premises and Plant	--	73,002	73,002
General and Administrative	78,934	40,940	119,874
Total Expenditure	563,925	480,660	1,044,585

(SEE ACCOMPANYING NOTES to the FINANCIAL STATEMENTS)

CITY of STRATFORD
PUBLIC UTILITY COMMISSION - BUS DEPARTMENT
NOTES to the FINANCIAL STATEMENTS
for the year ended December 31st 1985

1. Accounting Policies:

(a) Fixed Assets:
Fixed assets are recorded at cost and then reduced by the amount contributed towards them by the City of Stratford. No depreciation is provided in the accounts for the excess of cost over contributions.

2. Financial Statement Presentation:

Certain of 1984's financial statement numbers have been restated to conform with 1985's financial statement presentation.

3. O.M.E.R.S. Pension:

The Public Utility Commission has entered into an agreement with the Ontario Municipal Employees Retirement Board to provide supplemental pensions to the employees of the Commission. The Bus Department has been allocated its portion of this liability, plus annual payments, based on the apportionment of public utility wages and salaries to the various departments. Interest is being charged on the amount owing at the rate of 8%.

4. Statement of Changes in Cash Position:

The utility has adopted the cash basis presentation of the statement of changes in cash position. The presentation of the prior year figures has been changed to conform with that of the current year.